



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

** Outgoing
C/O 25/0005*

August 13, 2008

Denise A. Dragoo, Esq.
SNELL & WILMER L.L.P.
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101-1547

Mailing list attached

Subject: Continuation of Technical Analysis for Alton Coal Development, LLC, Coal Hollow Mine, Application No. C/025/0005

Dear Ms. Dragoo:

I am writing on behalf of the Division of Oil, Gas and Mining to propose that we agree to a waiver of the time limit provided by Utah Code § 40-10-14(1) and R645-300-131.100 which require the Division to issue written findings modifying, granting or denying the permit application in whole or in part within 60 days of the informal conference concluded on June 20, 2008. We believe that an extension of this time limit for a decision on the above application will provide the most efficient means of completing review of the application and is in the best interest of all of the parties and the public.

On August 5, 2008, the Division requested supplemented information from Alton Coal Development, LLC, which it needs to further address specific requirements for the permit. Until the Division receives this information, it cannot make an accurate estimate of the additional time needed to make a final decision, but it is reasonable to expect that the time needed to evaluate this information and respond with a written decision will exceed the current 60-day deadline, set to expire on August 19, 2008.

As a consequence, it will not be possible to issue a decision approving the permit within the time constraints of the statute. Proceeding with a partial decision might impose on Alton Coal Development LLC the burden of filing an appeal and then either proceeding to appeal the partial actions, or stipulate to holding the appeal of the decision in abeyance pending complete evaluation of the application. It is proposed that we agree to a waiver of the deadline for making a decision provided for by Utah Code § 40-10-14(1) for such time as is necessary to complete the permit review, not to exceed the application review time limit of one year set forth at R645-300-131.114.

Notice of this waiver and extension will be provided to those persons who have responded with comments on the application as advertised or at the informal conference. The

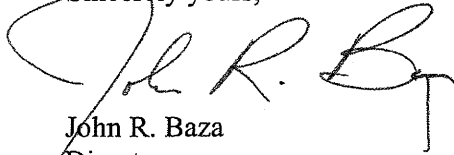


Denise Dragoo, Esq.
August 13, 2008
Page 2

rights of any persons who may have an interest that they believe may be adversely affected by the subsequent decision will not be affected by a waiver of the time limits for a decision. Accordingly, the Division believes that an agreement to waive the time limits will be in the best interest of the public as well as permitting the Division to make a more efficient use of its resources to evaluate the application and reach a thoroughly reviewed decision on the application.

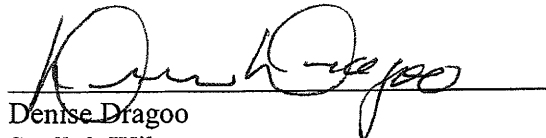
If Alton Coal Development, LLC, accepts this understanding for a waiver and extension of time for making a final decision on the permit application, will you please indicate your client's acceptance by signing below and returning an original of this letter to the Division. We understand that you are authorized by your client to sign the agreement on their behalf.

Sincerely yours,



John R. Baza
Director
Utah Division of Oil, Gas and Mining

Alton Coal Development, LLC, through its attorney of record, hereby agrees to waive the 60-day deadline for a decision on its application for a permit for the Coal Hollow Mine, Application No. C/025/005 in accordance with the conditions in this letter of agreement.



Denise Dragoo
Snell & Wilmer LLP.
Representing Alton Coal Development, LLC

Dated: August 18, 2008

Claren Heaton
11 South 100 East
P.O. Box 100781
Alton Utah 84710

Roxanne Daniel
50 West 200 South
Panguitch Utah 84759

Randy and Becky Yard
P.O. Box 883
Panguitch Utah 84759

Chris Gunn
2640 Circle Dr.
Santa Clara Utah 84765

Brett and Peggy Egan
161 North 100 West
Panguitch Utah 84759

Tricia Hall
95 West 400 North
Panguitch Utah 84759

Eric C. Fawson
3800 South US Highway 89
Panguitch Utah 84759

Tom Stechschulte
P.O. Box 370
Hatch Utah 84735

Lorio Maren Bentley
10716 Northfleet Drive
Anchorage Alaska 99515

Chance J. Bentley
10716 Northfleet Drive
Anchorage Alaska 99515

Joyce S. Sorensen
2856 Sapphire Desert Dr.
Henderson Nevada 89052

Shirlee Bentley
65 South 100 West
Kanab Utah 84741

Daniel P. Stoner
Highway 90 MM 123
P.O. Box 41
Panguitch Utah 84759

Mark W. Habbeshaw
76 North Main
Kanab Utah 84741

Pat Swapp
P.O. Box 100794
Alton Utah 84710

Richard Swapp
P.O. Box 100794
Alton Utah 84710

Brent Swapp
965 West Willow Drive
Kanab Utah 84741

Judith A. Murphy
70 Springstone Hollow
Mertztown PA 19539

Curtis Oberhansly
P.O. Box 1442
250 No. Ponderosa Trail
Boulder Utah 84716

Rick and Nancy Nielsen
P.O. Box 24
Kanab Utah 84741

Scott and Susan Nelson
P.O. Box 660
Escalante Utah 84726

Kevin Poe
333 West 200 North
Tropic Utah 84776

Harriet Priska
360 West Main Street
P.O. Box 326
Escalante Utah 84726

Dennis and Carol Allison
5400 South 2650 East
Panguitch Utah 84759

Donna Owens
P.O. Box 176
Panguitch Utah 84759

Joy Hartley
P.O. Box 454
Hatch Utah 84735

H. Richard Hartley
P.O. Box 454
Hatch Utah 84735-0454

Claire Cleveland
246 South 800 West
Cedar City Utah 84720

Ken Pugh
2174 Bird Ct.
West Jordan Utah 84088

Euck & Sharlene Bretthauer
P.O. Box 603
Hatch Utah 84735

Peter Menahan
Box 807
Panquitch Utah 84759

Paul T. Thevenin
P.O. Box 00772
Alton Utah 84710

Hugh Wolfe
318 Norht 100 East
Kanab Utah 84741

Doug Powell
318 Norht 100 East
Kanab Utah 84741

Robert Hubbard
1027 Hillside Road
Kanab Utah 84741

Gerta Palmer
11 Noth Main
Alton Utah 84710

Karl Heaton
40 South 100 North
Alton Utah 84710

Claren Heaton
154 South 100 East
Alton Utah 84710

Stacey Baron
155 South 50 East
Alton Utah 84710

Erick Baron
155 South 50 East
Alton Utah 84710

Tiana Heaton
111 South 200 North
Alton Utah 84710

Dorothy Heaton
111 South 200 North
Alton Utah 84710

Marice Judd
174 East 200 North
Alton Utah 84710

Brent Judd
174 East 200 North
Alton Utah 84710

Terry Nelson
245 West 200 North
Alton Utah 84710

Arthor Andersen
140 West 100 South
Alton Utah 84710

Paul Yelton
P.O. Box 485
New Harmony Utah 84757

Mark and Cindy Palmer
P.O. Box 100093
Alton Utah 84710